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Agenda Item 7b

March 16, 2011

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** Budget and Expenditure Report Through the Second Quarter of Fiscal Year (FY) 2010-11
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** The Finance Committee recommends that the Board of Administration approve the transmittal letter and submission of the Budget and Expenditure Report through the second quarter of FY 2010-11 to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2010, and to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel.

IV. ANALYSIS:

Upon approval by the Finance Committee and the Board of Administration, this Agenda Item will be submitted to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with control language included in the Budget Act of 2010, Item 1900-015-0815(1)(c), 1900-015-0820(1)(c), 1900-015-0822(1)(c), 1900-015-0830(1)(c), 1900-015-833(1)(c), 1900-015-849(1)(c), and 1900-015-0884(1)(c). Copies of this Agenda item will also be transmitted to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.

The attached report includes the following items for the second quarter of FY 2010-11:

- Budget and Expenditure Summary by Function and Division
- Summary Charts by Function
- Graphical Display of Budget and Expenditure by Function
- Position Summary
- Projected and Actual Investment Expenditures
- CalPERS Headquarters Building Account Budget/Income/Expenditure Summary
- Expenditures by Fund Source Summary

HIGHLIGHTS:

The following is a brief summary outlining significant attributes related to the Budget and Expenditure Report for the second quarter of FY 2010-11:

- The percentage of administrative encumbrances and expenditures is 52.9 percent of the budget (Attachment 1). At this time last year (FY 2009-10), 50.2 percent of the budget was encumbered and expended.
- Attachment 3 includes additional information for encumbrances of \$100,000 and above for all divisions.
- The vacancy rate has improved to 6.0 percent compared to 7.0 percent on July 31, 2010 (Attachment 4).
- Actual investment expenses are 32.6 percent of projected expenses (Attachment 5). At this time last year (FY 2009-10), 28.2 percent of the Investment Budget was expended.
- Actual investment expenses are further detailed in Attachment 5a.
- The CalPERS Headquarters Building Account (CHBA) expenditures are 36.0 percent of budget (Attachment 6). At this time last year (FY 2009-10), 33.9 percent of the CHBA was encumbered and expended.

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic Plan. It is brought to the Finance Committee and the Board of Administration because it provides important information to members and it fulfills the requirements of control language included in the Budget Act of 2010.

VI. RESULTS/COSTS:

CalPERS fulfills the requirements of control language included in the Budget Act of 2010.

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